



# Australian Dairy Nutritionals Group

ASX: AHF

## Notice of Extraordinary General Meeting Australian Dairy Nutritionals Group

An Extraordinary General Meeting of the shareholders of **Australian Dairy Nutritionals Limited** (ACN 057 046 607) and an Extraordinary General Meeting of unitholders of the **Australian Dairy Farms Trust** (ARSN 600 601 689) will be held:

In Person:	Williamstown Yacht Club, 260 Nelson Parade, Williamstown, Victoria 3016
Online via Zoom:	<a href="https://us02web.zoom.us/meeting/register/tZUuc-ggpzoiH9K1dcb98yBNe3R8E441L271">https://us02web.zoom.us/meeting/register/tZUuc-ggpzoiH9K1dcb98yBNe3R8E441L271</a> Passcode: 923944
Date:	Thursday, 18 February 2021
Time:	10:00am (MELBOURNE TIME)

This notice of General Meeting should be read in its entirety. If Securityholders are in any doubt as to how they should vote, they should seek advice from their professional advisor prior to voting. Please contact the Company Secretary on +61 8692 7284 or [shareholders@adfl.com.au](mailto:shareholders@adfl.com.au) if you wish to discuss any matter concerning the Meeting.

# Australian Dairy Nutritionals Limited and Australian Dairy Farms Trust (together the “Group”)

## Notice of Extraordinary General Meeting

Notice is hereby given that an Extraordinary General Meeting of the shareholders of Australian Dairy Nutritionals Limited (**Company**) will be held in conjunction with an Extraordinary General Meeting of unitholders of the Australian Dairy Farms Trust (**Trust**) (together the Australian Dairy Nutritionals Group (**Group**)). The Meeting will be held on **Thursday, 18 February 2021 at 10:00am (MELBOURNE TIME) (Meeting)**:

- **In person** at Williamstown Yacht Club, 260 Nelson Parade, Williamstown, Victoria 3016; and
- **Online**: Via Zoom with the following access code and password:

Zoom meeting access: <https://us02web.zoom.us/join/join?pwd=ZUucqgpzoiH9K1dcb98yBNe3R8E441L271>

Zoom Meeting ID/password: 923944

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Meeting. The Explanatory Statement and Proxy Form each form part of this Notice of Meeting.

Securityholders are urged to vote by attending the Meeting (in person) or by returning a completed Proxy Form. Instructions on how to complete a Proxy Form are set out in the Explanatory Statement.

If you attend the Meeting online, you should be aware that your participation will be limited hearing the Meeting only and you will not be able to vote online or ask questions online at the Meeting.

Proxy Forms must be received by no later than **10:00 am (MELBOURNE TIME) on Tuesday, 16 February 2021**.

Terms and abbreviations used in this Notice and Explanatory Statement are defined in Schedule 1 of the Explanatory Statement.

## Agenda

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### RESOLUTION 1 - RATIFICATION OF ISSUE OF TRANCHE 1 SECURITIES UNDER PLACEMENT

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purpose of Listing Rule 7.4 and for all other purposes, Securityholders approve, ratify and confirm the prior issue of 55,272,898 Stapled Securities as set out in the Explanatory Statement which accompanies and forms part of the Notice of this Meeting.”*

A voting exclusion statement is set out below.

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### RESOLUTION 2 - APPROVAL OF PROPOSED ISSUE OF TRANCHE 2 SECURITIES UNDER THE PLACEMENT

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purpose of Listing Rule 7.1 and for all other purposes, Securityholders approve the issue of up to 53,060,436 Stapled Securities at an issue price of \$0.06 (6 cents) per Stapled Security on the terms set out in the Explanatory Statement which accompanies and forms part of the Notice of this Meeting.”*

A voting exclusion statement is set out below.

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### RESOLUTION 3 - RATIFICATION OF SECURITIES ISSUED IN RESPECT OF THE ACQUISITION OF THE BLEND & PACK LINE

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purpose of Listing Rule 7.4 and for all other purposes, Securityholders approve, ratify and confirm the prior issue of 450,068 Stapled Securities in part consideration of the payment of the purchase price for the acquisition of the Blend & Pack Line as set out in the Explanatory Statement which accompanies and forms part of the Notice of this Meeting.”*

A voting exclusion statement is set out below.

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### RESOLUTION 4 - APPROVAL OF PROPOSED ISSUE OF SECURITIES IN RESPECT OF THE ACQUISITION OF THE BLEND & PACK LINE

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purpose of Listing Rule 7.1 and for all other purposes, Securityholders approve the issue of up to 1,500,000 Stapled Securities in part consideration of the payment of the purchase price for the acquisition of the Blend & Pack Line on the terms set out in the Explanatory Statement which accompanies and forms part of the Notice of this Meeting.”*

A voting exclusion statement is set out below.

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#### **RESOLUTION 5 - APPROVAL OF SHARE PURCHASE PLAN OFFER (SPP)**

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purpose of Listing Rule 7.1 and for all other purposes, Securityholders approve the issue of up to 16,666,667 Stapled Securities at an issue price of \$0.06 (6 cents) per Stapled Security under a proposed share purchase plan offer by the Company, on the terms set out in the Explanatory Statement which accompanies and forms part of the Notice of this Meeting.”*

A voting exclusion statement is set out below.

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#### **RESOLUTION 6 - APPROVAL OF PROPOSED PLACEMENT TO DIRECTORS**

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purpose of Listing Rule 10.11 and for all other purposes, Securityholders approve the issue of up to 4,000,000 Stapled Securities at an issue price of \$0.06 (6 cents) per Stapled Security to Directors and their controlled entities on the terms set out in the Explanatory Statement which accompanies and forms part of the Notice of this Meeting.”*

A voting exclusion statement is set out below.

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#### **7 - APPROVAL OF PROPOSED ISSUE OF OPTIONS TO LEAD MANAGER**

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That for the purpose of Listing Rule 7.1 and for all other purposes, Securityholders approve the issue of 3,000,000 Options to Blue Ocean Equities Pty Ltd’s nominee, L39 Pty Ltd on the terms set out in this Explanatory Statement which accompanies and forms part of the Notice of this Meeting.”*

A voting exclusion statement is set out below.

## Voting prohibition and exclusion statements

Under Listing Rule 14.11, the Group will disregard any votes cast in favour of the following Resolutions by or on behalf of the following persons or their respective associates ('associate' having the meaning given to that term in Chapter 19 of the Listing Rules (**Associate**)):

Resolution 1 - Ratification of issue of Tranche 1 securities under Placement	Persons who participated in the issue
Resolution 2 - Approval of proposed issue of Tranche 2 securities under Placement	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity)
Resolution 3 - Ratification of Securities issued as part consideration for the acquisition of the Blend and Packaging Line	F.A. Maker Pty Ltd
Resolution 4 - Approval of Proposed issue of Securities as part consideration for the acquisition of the Blend and Packaging Line	F.A. Maker Pty Ltd, otherwise, a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity)
Resolution 5 - Approval of Proposed Security Purchase Plan Offer	<p>A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity).</p> <p>The ASX has provided a waiver to this voting exclusion such that all Securityholders are entitled to vote on this resolution notwithstanding that they may participate in the proposed issue.</p>
Resolution 6 - Approval of Proposed Placement to Directors	<p>Lynne Skene, Peter Skene</p> <p>Paul Morrell</p> <p>Judith Bryant, Martin Bryant</p> <p>Costine Pty Ltd, Fiduciary Nominees Pty Ltd, Corporate Solutions Pty Ltd, Michael Hackett</p> <p>Mackenzie Rowley, Michelle Rowley, Adrian Rowley</p> <p>Any other person who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity).</p>

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Resolution 7 - Approval of proposed issue of Options to Lead Manager	Blue Ocean Equities Pty Ltd, L39 Pty Ltd, otherwise, a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity)
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The voting exclusions set out above do not apply to a vote cast in favour of a resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

By order of the Board of Directors.

Kate Palethorpe  
 Company Secretary  
 Australian Dairy Nutritionals Group  
 18 January 2021

# Australian Dairy Nutritionals Group

## Explanatory Statement

### INTRODUCTION

This Explanatory Statement has been prepared for the information of Securityholders in connection with the business to be conducted at the Meeting to be held on **Thursday, 18 February 2021 at 10:00am (MELBOURNE TIME)**.

- In person at Williamstown Yacht Club, 260 Nelson Parade, Williamstown, Victoria 3016; and
- Online via Zoom with the following access code and password:

Zoom meeting access: <https://us02web.zoom.us/j/zoom/register/tZUuc-qgpzoiH9K1dcb98yBNe3R8E441L271>

Zoom Meeting ID/password: 923944

The purpose of this Explanatory Statement is to provide information to Securityholders in deciding how to vote on the Resolutions set out in the Notice.

This Explanatory Statement should be read in conjunction with and forms part of the accompanying Notice, and includes the following:

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A Proxy Form is located at the end of Explanatory Statement.

Please contact the Company Secretary on +61 8692 7284 or [shareholders@adfl.com.au](mailto:shareholders@adfl.com.au) if you wish to discuss any matter concerning the Meeting.

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## 1 ACTION TO BE TAKEN BY SECURITYHOLDERS

Securityholders should read the Notice and this Explanatory Statement carefully before deciding how to vote on the Resolutions.

### 1.1 Proxies

All Securityholders are invited and encouraged to attend the Meeting. If a Securityholder is unable to attend in person, they can appoint a proxy to attend on their behalf by signing and returning the Proxy Form (attached to the Notice) to the Group in accordance with the instructions on the Proxy Form. The Group encourages Securityholders completing a Proxy Form to direct the proxy how to vote on each Resolution.

If you attend the Meeting online, you will not be able to vote directly at the Meeting and you are encouraged to appoint a proxy to vote on your behalf.

The Proxy Form must be received no later than 48 hours before the commencement of the Meeting, i.e. by no later than 10:00am (MELBOURNE TIME) on Tuesday, 16 February 2021. Any Proxy Form received after that time will not be valid for the Meeting.

The Proxy Form and the question form may be lodged in the following ways:

Online	<a href="http://www.linkmarketservices.com.au">www.linkmarketservices.com.au</a>
By Mail	C/- Link Market Services Limited Locked Bag A14, Sydney South NSW 2135 <i>&lt;Please use the enclosed reply paid envelope with the green strip at the top to return your proxy and / or question forms&gt;</i>
By Facsimile	+61 2 9287 0309
By delivery	Link Market Services Limited 1A Homebush Bay Drive, Rhodes NSW 2138 or Level 12, 680 George Street, Sydney NSW 2000 * during business hours (Monday to Friday, 9:00 am - 5:00pm)

Securityholders lodging a Proxy Form are not precluded from attending and voting in person at the Meeting.



## 1.2 Corporate representatives

Securityholders who are body corporates may appoint a person to act as their corporate representative at the Meeting by providing that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as the body corporate's representative. The authority may be sent to the Group and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

An appointment of corporate representative form is available from the website of the Group's securities registry ([www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)).

## 1.3 Eligibility to vote

The Directors have determined that, for the purposes of voting at the Meeting, Securityholders are those persons who are the registered holders of Stapled Securities at 7:00pm (Melbourne time) on Tuesday, 16 February 2021.

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## 2 BACKGROUND - PLACEMENT

### 2.1 Placement

As announced on Tuesday 15 December 2020, the Group has received subscription commitments for 108,333,334 new ordinary Stapled Securities at an issue price of \$0.06 (6 cents) per Stapled Security from sophisticated and professional investors (**Placement**). The Placement is expected to raise \$6.5 million before costs.

The Placement will be completed in two tranches. The first tranche of 52,272,898 Stapled Securities (**Tranche 1 Placement Securities**) were issued on 21 December 2020 using the Group's existing authorities under Listing Rule 7.1. The second tranche of 53,060,436 Stapled Securities (**Tranche 2 Placement Securities**) will be issued provided the Group obtains the relevant approvals of securityholders under Listing Rule 7.1 at this Meeting.

Funds raised under the Placement will be applied toward:

- the acquisition of a high speed blending and packaging line from overseas and transport of the plant to Camperdown, Victoria;
- investment in the launch of the Group's Future (Tummy Health) and Ecklin South Organic A2 infant formula ranges including a comprehensive multi-channel marketing and promotional program;
- transaction costs and general working capital.

Blue Ocean Equities Pty Ltd (**BOEQ**) has acted as the Lead Manager for the Placement. The Company has agreed to pay BOEQ an aggregate fee of 6% of the proceeds of the Placement (before costs) and issue 3,000,000 Lead Manager Options to BOEQ.

### 2.2 Capital Structure

The table below provides a summary of the capital structure of the Group at the date of this Notice and upon completion of the issues proposed in the Notice of Meeting (assuming all resolutions are passed).

Description of securities	Amount
<b>Stapled securities</b>	
Securities on issue immediately prior to the Meeting (includes the Tranche 1 Placement Securities and 450,068 stapled securities issued in part consideration of the acquisition of the Line)	427,209,406
Tranche 2 Placement Securities (subject to approval under Resolution 2)	53,060,436
Blend & Pack Line Securities (subject to approval under Resolution 4)	Up to 1,500,000
SPP Securities (subject to approval under Resolution 5)	Up to 16,666,667
Director Securities (subject to approval under Resolution 6)	Up to 4,000,000
<b>Total Stapled Securities (assumes maximum allocation of securities issued)</b>	<b>502,436,509</b>
<b>Options</b>	
Existing Lead Manager Options	2,500,000
New Lead Manager Options	3,000,000
<b>Total Options</b>	<b>5,500,000</b>
<b>Performance Rights</b>	
Performance Rights	3,000,000

### 3 RESOLUTION 1 - RATIFICATION OF ISSUE OF TRANCHE 1 SECURITIES UNDER PLACEMENT

#### 3.1 Introduction

Resolution 1 seeks Securityholder approval to ratify the issue of the Tranche 1 Stapled Securities to professional and sophisticated investors, pursuant to tranche 1 of the Placement.

### **3.2 Listing Rules 7.1 and 7.4**

Listing Rule 7.1 (subject to certain exceptions, none of which apply to the issue of securities under this Resolution 1) requires the prior approval of the shareholders for an issue of equity securities if those equity securities will, when aggregated with the equity securities issued by the Group during the previous 12 months, exceed 15% of the number of ordinary shares on issue at the commencement of that 12 month period (**Placement Capacity**).

Listing Rule 7.4 provides that, an issue of equity securities by an entity made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and approval of its ordinary shareholders is subsequently obtained.

### **3.3 Approval of issue of Tranche 1 Placement Securities**

The issue of the Tranche 1 Placement Securities did not breach Listing Rule 7.1 at the time of issue. Ratification of the issue and allotment of the Tranche 1 Placement Securities is sought to preserve the Group's Placement Capacity following completion of tranche 1 of the Placement.

If Resolution 1 is passed, the issue of the Tranche 1 Placement Securities will be excluded from calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without shareholder approval over the 12-month period following the issue date of the Tranche 1 Placement Securities. This will allow the Company ongoing flexibility in its ability to issue equity in these continued uncertain times.

If Resolution 1 is not passed, the Tranche 1 Placement Securities will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without shareholder approval over the 12-month period following the issue date of the Tranche 1 Placement Securities.

Failure to ratify the issue of the Tranche 1 Placement Securities may result in the Group being unable to maximise business opportunities by proceeding with a further issue of equity securities within the next 12-month period. Any delay associated with obtaining shareholder approval means that the Company cannot act in an opportunistic manner and potentially puts any such raising or the issue of securities for an acquisition at risk through the approval period.

The chairperson of the Meeting intends to vote undirected proxies in favour of Resolution 1.

### **3.4 Information required by Listing Rule 7.5**

For the purposes of Listing Rule 7.5, the following information is provided about the issue:

- (a) 55,272,898 Stapled Securities were issued under the Group's Listing Rule 7.1 capacity on 21 December 2020.

- (b) the Tranche 1 Placement Securities were issued at \$0.06 (6 cents) per Stapled Security.
- (c) the Tranche 1 Placement Securities issued are stapled fully paid ordinary shares in the capital of the Company and fully paid units in the Trust and rank equally with all existing Stapled Securities on issue on and from the date of issue.
- (d) the Stapled Securities were allotted and issued to either sophisticated investors or professional investors within the meaning of sections 708(8) and 708(11) of the Corporations Act or other investors to whom the Group may issues Stapled Securities without disclosure pursuant to section 708 of the Corporations Act, as identified by the Lead Manager.
- (e) the funds raised from the issue of the Tranche 1 Placement Securities will be used as set out in section 2.1 above.
- (f) refer to the voting exclusion statement in the Notice of Meeting for details of those persons or entities which will be excluded from voting on Resolution 1.

### **3.5 Directors' recommendation**

The Board unanimously recommends that Securityholders vote in favour of Resolution 1.

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## **4 RESOLUTION 2 - APPROVAL OF PROPOSED ISSUE OF TRANCHE 2 SECURITIES UNDER THE PLACEMENT**

### **4.1 Introduction**

Resolution 2 seeks Securityholder approval for the issue of the Tranche 2 Placement Securities pursuant to tranche 2 of the Placement at an issue price of \$0.06 (6 cents) per Stapled Security to professional and sophisticated investors.

### **4.2 Listing Rule 7.1 and 7.4**

Refer to the summary of Listing Rule 7.1 and 7.4 in section 3.2 of this Notice.

### **4.3 Approval of issue of Tranche 2 Placement Securities**

As at the date of this Notice of Meeting the issue of the Tranche 2 Placement Shares will cause the Group to exceed the Placement Capacity and therefore, the Group is required to obtain shareholder approval prior to the issue of the Tranche 2 Placement Securities.

Shareholder approval for the issue and allotment of the Tranche 2 Placement Securities is sought to enable the issue of the Tranche 2 Placement Securities and preserve the Group's Placement Capacity following completion of tranche 2 of the Placement.

If Resolution 2 is passed, the Company can complete the issue under the Placement and raise the relevant funds from the issue of the Tranche 2 Placement Securities. Further the issue of the Tranche 2 Placement Securities will be excluded from

calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without shareholder approval over the 12-month period following the issue date of the Tranche 2 Placement Securities. This will allow the Company ongoing flexibility in its ability to issue equity in these continued uncertain times.

If Resolution 2 is not passed, the Tranche 2 Placement Securities will not be able to be issued as the Company's 15% limit in Listing Rule 7.1 would be exceeded.

Failure to approve the issue of the Tranche 2 Placement Securities would mean that the Group may not be sufficiently capitalised to progress its infant formula project which will delay of the launch of its two new infant formula brands and, make it unable to purchase the Blend & Pack Line on the terms proposed.

The chairperson of the Meeting intends to vote undirected proxies in favour of Resolution 2.

#### **4.4 Information required by Listing Rule 7.3**

For the purposes of Listing Rule 7.3, the following information is provided about the issue:

- (a) the Tranche 2 Placement Securities will be allotted and issued to either sophisticated investors or professional investors within the meaning of sections 708(8) and 708(11) of the Corporations Act or other investors to whom the Group may issues Stapled Securities without disclosure pursuant to section 708 of the Corporations Act, as identified by the Lead Manager.
- (b) a total of 53,060,436 Stapled Securities will be issued.
- (c) the Tranche 2 Placement Securities are stapled fully paid ordinary shares in the capital of the Company and fully paid units in the Trust and will rank equally with all existing Stapled Securities on issue on and from the date of issue.
- (d) it is anticipated that the Tranche 2 Placement Securities will be issued on a single date within 5 business days after approval is given by securityholders to the issue of the Tranche 2 Placement Securities under Listing Rule 7.1 and, in any event no later than 3 months after the date of this Meeting.
- (e) the Tranche 2 Placement Securities will be issued at a price of \$0.06 (6 cents) per Stapled Security.
- (f) funds raised from the Placement will be used for the purposes set out in section 2.1 of this Explanatory Statement.
- (g) refer to the voting exclusion statement in the Notice of Meeting for details of those persons or entities which will be excluded from voting on Resolution 2.

#### **4.5 Directors recommendation**

The Board unanimously recommends that Securityholders vote in favour of Resolution 2.

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## 5 RESOLUTION 3 - RATIFICATION OF SECURITIES ISSUED IN PART CONSIDERATION OF THE ACQUISITION OF THE BLEND & PACK LINE

### 5.1 Introduction

On 14 December 2020, the Group entered into a binding terms sheet to acquire a high speed blending and canning line which includes two fillers for infant formula tins and nutritional powder bags (**Blend & Pack Line**) from F.A. Maker Pty Ltd. The Blend & Pack Line has capacity to produce 20 million tins per annum and will enable AHF to tin or bag its own formula and powder products plus offer external blend and pack services once the Blend & Pack Line is fully installed and operational.

The purchase price of the Blend & Pack Line is \$US500,000 (**Purchase Price**) of which 80% is to be paid in cash and 20% through the issue of Stapled Securities. The total investment for the acquisition is estimated at \$AU1 million which includes the cost to AHF of transporting the dismantled plant to Camperdown, Victoria and associated border clearance costs.

The Group has paid a deposit equivalent to 10% of the Purchase Price, 50% paid in cash (\$US25,000) and the remaining 50% through the issue of 450,068 Stapled Securities at an issue price of \$0.070244 (**Deposit Securities**). The exchange rate applicable to the issue of the above securities was 1USD = 1.26422 AUD.

A progress payment of \$US350,000, payable \$US275,000 in cash and \$US75,000 in AHF securities (**Blend & Pack Securities**) is payable once the dismantled Blend & Pack Line has been delivered to the relevant overseas port for shipping to Australia and a valid bill of lading issued. The issue price of Blend & Pack Securities will also be \$0.070244. The exchange rate applicable to the issue will be the USD/AUD exchange rate published by the Commonwealth Bank of Australia on the day prior to the date of the issue of the Blend & Pack Securities.

A final payment of \$US100,000 cash is payable by AHF when the Blend & Pack Line arrives in Victoria, Australia.

Resolution 3 seeks securityholder approval to ratify the issue of the Deposit Securities issued in relation to the acquisition of the Blend & Pack Line.

### 5.2 Listing Rule 7.1 and 7.4

Refer to the summary of Listing Rule 7.1 and 7.4 in section 3.2 of this Notice.

### 5.3 Approval of issue of Deposit Securities

The issue of the Deposit Securities did not breach Listing Rule 7.1 at the time of issue. Ratification of the issue and allotment of the Deposit Securities is sought to preserve the Group's Placement Capacity.

If Resolution 3 is passed, the issue of the Deposit Securities will be excluded from calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without shareholder approval over the 12-month period following the issue date of the Deposit Securities. This will allow the

Company ongoing flexibility in its ability to issue equity in these continued uncertain times.

If Resolution 3 is not passed, the Deposit Securities will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without shareholder approval over the 12-month period following the issue date of the Deposit Securities.

Failure to ratify the issue of the Deposit Securities would result in the Group not having its full Placement Capacity available under Listing Rule 7.1 and therefore being unable to maximise business opportunities by proceeding with a further issue of equity securities within the next 12-month period. Any delay associated with obtaining shareholder approval means that the Company cannot act in an opportunistic manner and potentially puts any such raising or the issue of securities for an acquisition at risk through the approval period.

The chairperson of the Meeting intends to vote undirected proxies in favour of Resolution 3.

#### **5.4 Information required by Listing Rule 7.5**

For the purposes of Listing Rule 7.5, the following information is provided about the issue:

- (a) the Stapled Securities were issued to F.A. Maker Pty Ltd ACN 004 151 795.
- (b) 450,068 Stapled Securities were issued under the Group's Listing Rule 7.1 capacity.
- (c) the Deposit Securities are stapled fully paid ordinary shares in the capital of the Company and fully paid units in the Trust and rank equally with all existing Stapled Securities on issue on and from the date of issue.
- (d) the Stapled Securities were issued on 18 December 2020.
- (e) the Stapled Securities were issued at \$0.070224 per Stapled Security.
- (f) the Deposit Securities were issued in consideration for 50% of the deposit payable in respect of the acquisition of the Blend & Pack Line. No funds were raised by AHF from the issue.
- (g) refer to Schedule 1 for a summary of the material terms of the agreement.
- (h) refer to the voting exclusion statement in the Notice of Meeting for details of those persons or entities which will be excluded from voting on Resolution 3.

#### **5.5 Directors' recommendation**

The Board unanimously recommends that Securityholders vote in favour of Resolution 3.

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## **6 RESOLUTION 4 - APPROVAL OF ISSUE OF STAPLED SECURITIES IN CONSIDERATION OF THE ACQUISITION OF THE BLEND & PACK LINE**

### **6.1 Introduction**

As noted in section 6.1 above, the Group is required to pay a progress payment of \$US350,000 in respect of the acquisition of the Blend & Pack Line. \$US75,000 of the progress payment is to be paid through the issue of the Blend & Pack Securities.

The USD/AUD exchange rate applicable to the issue of the Blend & Pack Securities is the rate published by the Commonwealth Bank of Australia on the day prior to the issue of the securities. As this rate is not known at the date of this Notice of Meeting a rate of 1 USD = 1.26 AUD has been assumed (being the exchange rate applicable to the Deposit Securities).

Based on this, the estimated number of Blend & Pack Securities to be issued by the Group is 1,345,694 Stapled Securities. As the USD/AUD exchange rate may fluctuate after the date of this Notice of Meeting, Resolution 4 seeks Securityholder approval for the issue of up to a further 1,500,000 Stapled Securities to satisfy the issue of the Blend & Pack Securities.

### **6.2 Listing Rule 7.1 and 7.4**

Refer to the summary of Listing Rule 7.1 and 7.4 in section 3.2 of this Notice.

### **6.3 Approval of the issue of the Blend & Pack Securities**

As at the date of this Notice of Meeting the issue of the Blend & Pack Securities will cause the Group to exceed the 15% limit under Listing Rule 7.1 and therefore, the Group is required to obtain shareholder approval prior to the issue of the Blend & Pack Securities.

Shareholder approval for the issue and allotment of the Blend & Pack Securities is sought to preserve the Group's Placement Capacity following the issue of the Blend & Pack Securities.

If Resolution 4 is passed, the issue of the Blend & Pack Securities will be excluded from calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without shareholder approval over the 12-month period following the issue date of the Blend & Pack Securities. This will allow the Company ongoing flexibility in its ability to issue equity in these continued uncertain times.

If Resolution 4 is not passed, the Blend & Pack Securities may not be able to be issued as the Company's 15% limit in Listing Rule 7.1 would be exceeded.

Failure to approve the issue of the Blend & Pack Securities would also mean that the Group would be in breach of its obligations under the agreement to acquire the Blend & Pack Line and therefore, may be unable to purchase the Blend & Pack Line on the terms proposed and potentially forfeit the deposit already paid to F.A. Maker Pty Ltd unless it can renegotiate the terms of the agreement.



The chairperson of the Meeting intends to vote undirected proxies in favour of Resolution 4.

#### **6.4 Information required by Listing Rule 7.3**

For the purposes of Listing Rule 7.3, the following information is provided about the issue:

- (a) the Stapled Securities will be issued to F.A. Maker Pty Ltd ACN 004 151 795, the vendor of the Blend & Pack Line.
- (b) as the USD/AUD exchange rate applicable to the issue of the Stapled Securities is not known at the date of this Notice of Meeting the exact number of Stapled Securities is not yet known however, based on an assumed rate of 1USD = 1.26 AUD a total of 1,345,694 Stapled Securities will be issued. The Group has sought approval for the issue of up to 1,500,000 Stapled Securities to account for potential fluctuations in the exchange rate. If more than 1,500,000 Stapled Securities are required to be issued by AHF as Blend & Pack Securities then AHF will issue those additional securities without approval under its available Placement Capacity (if any);
- (c) the Blend & Pack Securities are stapled fully paid ordinary shares in the capital of the Company and fully paid units in the Trust and will rank equally with all existing Stapled Securities on issue on and from the date of issue.
- (d) it is anticipated that the Blend & Pack Securities will be issued on or before 1 March 2021, by which time the dismantled Blend & Pack Line is expected to have been delivered to the relevant overseas port for transport to Victoria, Australia. In any event, the Blend & Pack Securities will be issued no later than 3 months after the date of this Meeting.
- (e) the Blend & Pack Securities will be issued at a price of \$0.070224 per Stapled Security in consideration of part of the progress consideration payable in respect of the acquisition of the Blend & Pack Line. No funds will be raised by AHF from the issue.
- (f) refer to Schedule 1 for a summary of the material terms of the agreement.
- (g) refer to the voting exclusion statement in the Notice of Meeting for details of those persons or entities which will be excluded from voting on Resolution 4.

#### **6.5 Directors recommendation**

The Board unanimously recommends that Securityholders vote in favour of Resolution 4.

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## **7 RESOLUTION 5 - APPROVAL OF SHARE PURCHASE PLAN OFFER (SPP)**

### **7.1 Introduction**

Resolution 5 seeks Securityholder approval for the issue of up to 16,666,667 Stapled Securities (**SPP Securities**) at a price of \$0.06, being the same price as the Placement,

pursuant to a share purchase plan to be launched by AHF subject to securityholder approval of this Resolution 5.

Under the proposed SPP, eligible securityholders will be entitled to subscribe for up to a maximum of \$30,000 of Stapled Securities at a price of \$0.06 per Stapled Security. The Group seeks to raise up to \$1 million through the conduct of the SPP, though the Board reserves the right to issue additional Stapled Securities under the SPP if it is oversubscribed. The proceeds of the SPP will be used for the purposes set out in the section 2.1.

## **7.2 Listing Rule 7.1 and SPPs**

As noted in section 3.2 of this Notice, Listing Rule 7.1 (subject to certain exceptions which do not apply to the SPP Securities) requires the prior approval of the shareholders for an issue of equity securities if those equity securities will, when aggregated with the equity securities issued by the Group during the previous 12 months, exceed the Company's Placement Capacity.

Exception 5 of Listing Rule 7.1 provides that an issue of securities under a security purchase plan that satisfies the conditions in *ASIC Corporations (Share and Interest Plans) Instrument 2019/547* will not be included in the Placement Capacity if certain conditions are met. One of those conditions requires that the issue price of the securities is at least 80% of the volume weighted average market price for securities in that class, calculated over the last 5 days on which sales in the securities were recorded, either before the day on which the issue was announced or before the day on which the issue was made (**80% Minimum Price**).

AHF currently proposes to launch an SPP at the same price as the Placement, being \$0.06 per Stapled Security (**SPP Price**). This price represents a 31.08% discount to the volume weighted average market price of AHF securities, calculated over the last 5 trading days prior to the announcement of the Placement (being the time the SPP would otherwise have been announced). As such, the Group is not able to take advantage of Exception 5 of Listing Rule 7.1 in conducting the proposed SPP at the SPP Price at that time as the 80% Minimum Price will not be met.

As the Group cannot rely on Exception 5 of Listing Rule 7.1, any securities issued pursuant to the SPP would count toward AHF's Placement Capacity under Listing Rule 7.1. As at the date of this Notice of Meeting the issue of the SPP Securities would cause the Group to exceed the 15% limit under Listing Rule 7.1 and therefore, the Group is required to obtain shareholder approval to conduct the SPP at the SPP Price, prior to the issue of the SPP Securities.

## **7.3 Proposed issue of SPP Securities**

Shareholder approval for the issue and allotment of the SPP Securities is sought to enable the SPP to ensure that existing securityholders are provided the opportunity to participate in the SPP at the same price as those who participated in the Placement and to preserve the Group's Placement Capacity following completion of the SPP.

If Resolution 5 is passed, the SPP offer can be launched and the issue of the SPP Securities will be excluded from calculating the Company's 15% limit in Listing Rule

7.1, effectively increasing the number of equity securities it can issue without shareholder approval over the 12-month period following the issue date of the SPP Securities. This will allow the Company ongoing flexibility in its ability to issue equity in these continued uncertain times.

If Resolution 5 is not passed, the SPP offer cannot be launched and the SPP Securities will not be able to be issued as the Company's 15% limit in Listing Rule 7.1 would be exceeded.

Failure to approve the issue of the SPP Securities would mean that the Group may not be sufficiently capitalised to progress its infant formula project including delay the launch of its two new infant formula brands and, unable to progress the purchase of the Blend & Pack Line. In addition, the Board are keen to ensure that existing securityholders are given the opportunity to invest in the Group and its future strategic direction at the same price as those who invested in the Group through the Placement.

The Directors will not be participating in the SPP although the waiver granted by ASX enables them to do so if this Resolution 5 is passed by Securityholders without additional Securityholder approval under LR10.11.

The chairperson of the Meeting intends to vote undirected proxies in favour of Resolution 5.

#### **7.4 Information required by Listing Rule 7.3**

For the purposes of Listing Rule 7.3, the following information is provided about the issue:

- (a) the SPP will be open to all existing Securityholders of AHF as at the relevant record date of the SPP with a valid address in Australia and New Zealand.
- (b) up to 16,666,667 Stapled Securities are proposed to be issued under the proposed SPP. The SPP Securities are stapled fully paid ordinary shares in the capital of the Company and fully paid units in the Trust and will rank equally with all existing Stapled Securities on issue on and from the date of issue.
- (c) AHF intends to launch the SPP shortly after the date of the Meeting. A timetable for the conduct of the SPP will be outlined in the SPP Offer Booklet. The SPP Securities are likely to be issued within a period of 5 Business Days after the closing date of the SPP and in any event, no later than 3 months after the date of the Meeting.
- (d) the SPP Securities will be issued at a price of \$0.06 (6 cents) per Stapled Security.
- (e) funds raised from the SPP will be aggregated with the proceeds of the Placement and used for the purposes set out in section 2.1 of this Explanatory Statement.
- (f) refer to the voting exclusion statement in the Notice of Meeting for details of those persons or entities which will be excluded from voting on Resolution 5. As all Securityholders in Australia and New Zealand are entitled to participate in the SPP, there is a possibility that the voting exclusion would result in no Securityholders being entitled to vote on the resolution. AHF has applied to ASX,

and ASX has granted a standard waiver to enable all Securityholders to vote on this Resolution 5 notwithstanding they may participate in the proposed issue.

## 7.5 Directors recommendation

The Board unanimously recommends that Securityholders vote in favour of Resolution 5.

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## 8 RESOLUTION 6 - APPROVAL OF PLACEMENT TO DIRECTORS

### 8.1 Introduction

The Group proposes to issue securities to certain directors of the Company (**Director Securities**), subject to the requisite Securityholder approval being obtained for the purpose of Listing Rule 10.11 pursuant to a separate placement but on the same terms as the Placement as set out in the table below:

Director	Director Entity	Directors Securities
Martin Bryant	Martin and Judith Bryant	up to 500,000
Peter Skene	Peter and Lynne Skene	up to 500,000
Paul Morrell	Paul Morrell	up to 500,000
Michael Hackett	Costine Pty Ltd Corporate Solutions Pty Ltd Fiduciary Nominees	up to 1,500,000
Adrian Rowley	Adrian and Michelle Rowley Mackenzie Rowley	up to 1,000,000

Resolution 6 seeks Securityholder approval to the issue of the Director Securities for the purpose of Listing Rule 10.11.

Directors will be offered the Director Securities instead of them participating in the SPP.

### 8.2 Chapter 2E (as modified by Part 5.7C) of the Corporations Act

Subject to certain exceptions, section 208 of the Corporations Act requires a public company to obtain the approval of the public company's members in the manner set out in section 217 to 227 of the Corporations Act if that public company intends to give a financial benefit to a related party of the public company. Part 5.7C of the Corporations Act modifies the public company related party transaction provisions in Chapter 2E to apply to the giving of a financial benefit by the Trust to a related party.

The definition of related party is contained in section 228 and modified by section 601LC of the Corporations Act, in the case of the Trust. These provisions provide that:

- (a) a director is a related party of a listed entity (or responsible entity); and
- (b) an entity controlled by a director of a listed entity (or responsible entity) is a related party of the listed entity (or responsible entity) unless the entity is also controlled by the listed entity (or responsible entity).

Each Director has indicated their intention to participate in the placement through the issue of Stapled Securities to themselves individually or, to entities which they are a director and shareholder (**Director Entities**). None of the Directors or the Director Entities are controlled by the Group. Therefore, by virtue of their relationship with each Director, each Director Entity is a related party of the Group.

A financial benefit is defined in section 229 of the Corporations Act in broad terms and includes the issue of Stapled Securities.

Section 210 of the Corporations Act provides that member approval is not needed to give a financial benefit to a related party if the public company (or Trust) and the entity are dealing at arm's length or, the terms are less favourable to the related party.

The Board is of the view that Securityholder approval for the purposes of section 208 of the Corporations Act is not required in respect of Resolutions 6, because the terms on which the Stapled Securities are being issued to each Director or Director Entity are the same as those being issued to non-related party participants in the Placement, and therefore are at arms-length.

### **8.3 Listing Rule 10.11**

Listing Rule 10.11 (subject to certain exceptions, none of which apply to the proposed issue of Director Securities) requires the prior approval of the shareholders of a listed entity for an issue of equity securities to a related party of the listed entity or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained.

The Listing Rules define 'related party' in the same manner as the term is defined in the Corporations Act. As noted in section 8.2 above, each Director is a related party of the Group and, each Director Entity is a related party of the Group pursuant to section 228(4) of the Corporations Act. Therefore, each Director and each Director Entity will also be a related party for the purposes of Listing Rule 10.11.

Accordingly, Securityholder approval of Resolution 6 is required pursuant to Listing Rule 10.11. If approval is given under Resolution 6, approval is not required under Listing Rule 7.1 for the issue (as per exception 14 of Listing Rule 7.2) and will not be included in the calculation of the Placement Capacity.

See section 8.4 and 8.5 of this Notice for further details.

### **8.4 Proposed issue of Director Securities in accordance with Resolution 6**

If Resolution 6 is passed, the issue of the relevant Director Securities will be excluded from calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without Securityholder approval over the 12-

month period following the issue date of the Director Securities. This will allow the Company ongoing flexibility in its ability to issue equity in these continued uncertain times.

If Resolution 6 is not passed, the relevant Director Securities will not be able to be issued as the Company's 15% limit in Listing Rule 7.1 would be exceeded.

Failure to approve the issue of any of the Director Securities would mean that the relevant Directors would be unable to participate in the Group's capital raising process, thereby limiting the alignment of those Director's interests with that of the Group and the securityholders and reducing the funds raised by the Company through the capital raising.

The chairperson of the meeting intends to vote undirected proxies in favour of Resolution 6.

## **8.5 Listing Rule 10.13**

Pursuant to Listing Rule 10.13, the following information is provided in relation to Resolution 6:

- (a) Director Securities as set out in the table in section 8.1 above will be issued to participating Directors (or their Director Entity, if applicable);
- (b) the participating Directors fall under Listing Rule 10.11.1, each being a director of the Company, and therefore a related party;
- (c) the issue price will be \$0.06 (6 cents) per Director Security, being the same issue price as the Placement and the SPP Securities;
- (d) the Director Securities are expected to be issued on a single day within 5 business days after the date of this Meeting but in any event within one month of the date of this Meeting;
- (e) the Director Securities are stapled fully paid ordinary shares in the capital of the Company and fully paid units in the Trust and will rank equally with all existing Stapled Securities on issue on and from the date of issue;
- (f) the funds raised from the issue to the participating Directors will be aggregated with the proceeds of the Placement and SPP and used for the purposes set out in section 2.1 of this Explanatory Statement;
- (g) Director Securities will be paid for in cash by the participating Directors and are not intended to remunerate or incentivise the participating Directors; and
- (h) refer to the voting exclusion statement in the Notice of Meeting for details of those persons or entities which will be excluded from voting on Resolution 6.

## **8.6 Director's Recommendation**

Due to their material personal interest in the outcome of the relevant Resolution, the Directors are unable to make a recommendation to Securityholders in relation to Resolution 6.

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## **9 RESOLUTION 7 - APPROVAL OF ISSUE OF OPTIONS TO LEAD MANAGER**

### **9.1 Introduction**

As set out in the Group's announcement on 15 December 2020, the Company appointed Blue Ocean Equities Pty Ltd (**BOEQ**) to act as lead manager for the Placement. The Company agreed to pay BOEQ an aggregate cash fee of 6% on funds raised under the Placement and issue BOEQ (or its nominee) 3,000,000 Options, following successful completion of the Placement (**Lead Manager Options**). The terms of the Lead Manager Options are set out in Schedule 1 to this Explanatory Statement.

### **9.2 Listing Rule 7.1 and 7.4**

Refer to the summary of Listing Rule 7.1 and 7.4 in section 3.2 of this Notice.

### **9.3 Approval of proposed issue of Lead Manager Options**

As at the date of this Notice, the issue of the Lead Manager Options will cause the Group to exceed the 15% limit under Listing Rule 7.1 and therefore, the Group is required to obtain shareholder approval prior to the issue of the Lead Manager Options.

Securityholder approval for the issue and allotment of the Lead Manager Options is sought to preserve the Group's Placement Capacity following the issue of the Lead Manager Options.

If Resolution 7 is passed, the issue of the Lead Manager Options will be excluded from calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without shareholder approval over the 12-month period following the issue date of the Lead Manager Securities. This will allow the Company ongoing flexibility in its ability to issue equity in these continued uncertain times.

If Resolution 7 is not passed, the Lead Manager Options will not be able to be issued as the Company's 15% limit in Listing Rule 7.1 would be exceeded.

The Lead Manager played an important role in securing the successful completion of the Placement through its network of professional and sophisticated investors and should be remunerated for the services provided. Additionally, failure to approve the issue of the Lead Manager Options may cause the Group to breach the terms of its mandate letter with the Lead Manager.

The chairperson of the Meeting intends to vote undirected proxies in favour of Resolution 7.

### **9.4 Information required by Listing Rule 7.3**

For the purposes of Listing Rule 7.3, the following information is provided about the issue:

- (a) the Lead Manager Options will be issued to BOEQ's nominee, L39 Pty Ltd ACN 152 101 392 (**L39**). Neither L39 or BOEQ is a related party of the Group.

- (b) 3,000,000 Lead Manager Options will be issued.
- (c) the terms of the Lead Manager Options are set out in Schedule 2 of this Explanatory Statement.
- (d) it is anticipated that the Lead Manager Options will be issued on a single date within 5 business days after approval is given by Securityholders to the issue of the Lead Manager Options under Listing Rule 7.1 and, in any event no later than 3 months after the date of this Meeting.
- (e) no funds will be raised from the issue of the Lead Manager Options as they are being issued to the Lead Manager as consideration for providing lead manager services in connection with the Placement.
- (f) refer to the voting exclusion statement in the Notice of Meeting for details of those persons or entities which will be excluded from voting on Resolution 7.

## 9.5 Directors' recommendation

The Board unanimously recommends that Securityholders vote in favour of Resolution 7.

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## 10 ADDITIONAL INFORMATION

There is no information material to a decision by a Securityholder whether or not to approve the Resolution (being information that is known to any of the Directors and which has not previously been disclosed to Securityholders) other than as disclosed in this Explanatory Statement.

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## 11 DEFINITIONS

In this Notice and Explanatory Statement:

<b>ASX</b>	means ASX Limited or the Australian Securities Exchange operated by ASX Limited, as the context requires.
<b>Blend &amp; Pack Securities</b>	has the meaning given in clause 6.1
<b>Board</b>	means the board of Directors.
<b>Company</b>	means Australian Dairy Nutritionals Limited (ACN 057 046 607).
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth) as amended.
<b>Deposit Securities</b>	has the meaning given in clause 5.1.
<b>Director</b>	means a director of the Company.



<b>Director Entity</b>	has the meaning given in clause 8.2
<b>Equity Securities</b>	has the same meaning given in the Listing Rules.
<b>Explanatory Statement</b>	means this explanatory statement.
<b>Group</b>	means the stapled entity comprising the Company and the Trust.
<b>Lead Manager or BOEQ</b>	means Blue Ocean Equities Pty Ltd ACN 151 186 935.
<b>Listing Rule</b>	means the listing rules of the ASX.
<b>Meeting</b>	means the extraordinary general meeting of the Securityholders of the Company which will be held in conjunction with the extraordinary general meeting of unitholders of the Trust (as adjourned from time to time).
<b>Melbourne Time</b>	means the time in Melbourne, Victoria
<b>Notice</b>	means this notice of meeting.
<b>Option</b>	means an option to purchase a Stapled Security.
<b>Placement</b>	has the meaning given in section 3.
<b>Proxy Form</b>	means the proxy form attached to this Notice.
<b>Resolution</b>	means a resolution set out in the Notice.
<b>Securityholder</b>	means a holder of Stapled Securities.
<b>SPP</b>	means share purchase plan
<b>Stapled Security</b>	means a stapled fully paid ordinary share in the Company and a fully paid unit in the Trust.
<b>Trust</b>	means the Australian Dairy Farms Trust (ARSN 600 601 689).

## **SCHEDULE 1 -TERMS OF THE ACQUISITION OF THE BLEND & PACK LINE (RESOLUTION 4)**

The key terms of the binding terms sheet (**Agreement**) to acquire the Blend & Pack Line are set out below:

### **1.1 Definitions**

Words with capitalized letters in this Schedule have the meaning set out in the Glossary or otherwise as set out below, unless the context requires otherwise:

<b>Buyer</b>	means to Organic Nutritionals Pty Ltd (a wholly owned subsidiary of the Company)
<b>Commencement Date</b>	has the meaning given in section 1.3 of this Schedule
<b>Completion</b>	Has the meaning given in section 1.4 of this Schedule
<b>Line</b>	means the complete blend, bag and canning line for infant formula and/or other powder products including the items of equipment listed in Schedule 2 of the Agreement.
<b>Purchase Price</b>	means the consideration described in section 1.3 of this Schedule
<b>Seller</b>	means F.A. Maker Pty Ltd

### **1.2 Conditions Precedent**

The Agreement is conditional on the following:

- (a) the Buyer obtaining funding for the balance of the Purchase Price and any regulatory consents or approvals required to be obtained by the Buyer in relation to the acquisition of the Line including under the Listing Rules;
- (b) release of any encumbrances over the Line;
- (c) the Buyer having the opportunity to conduct an inspection of the Line;
- (d) the Seller providing any necessary consents, waivers, licenses or approvals required to export the Line from the relevant port;
- (e) no material adverse change to the Line prior to Completion; and
- (f) no material breach of any warranties prior to Completion.

### **1.3 Purchase Price**

- (a) The Purchase Price for the Line is \$US 500,000 plus GST payable 80% in cash and 20% in Stapled Securities.
- (b) The GST component of the Purchase Price is payable in cash.
- (c) A deposit of 10% of the Purchase Price is payable on execution of the Agreement (**Commencement Date**), payable 50% in cash and 50% in Stapled Securities.

- (d) A progress payment of US\$350,000 (**Progress Payment**) is payable following dismantling of the Line and packing into shipping containers and delivery of those shipping containers to the relevant port for transport to Australia (as evidenced by a valid bill of lading). The Progress Payment is payable \$US275,000 in cash and US\$70,000 in Stapled Securities.
- (e) A final payment of US\$100,000 (**Final Payment**) is payable on arrival of the Line in Australia.
- (f) Stapled Securities issued in part consideration of the payment of the Purchase Price are to be issued at a price of \$0.07224 being a 20% discount to the 5 day VWAP of AHF securities on the Commencement Date.
- (g) The USD: AUD exchange rate will be the rate advertised by the Commonwealth Bank of Australia on the day prior to the date each payment is due under the Agreement.

#### **1.4 Dismantling and Transport of the Line**

- (a) The Seller is responsible for the dismantling and packaging of the Line into shipping containers for transport to Australia.
- (b) The Buyer is responsible for transport of the shipping containers containing the Line to Australia and all costs associated with border clearance.
- (c) Risk in the Line transfers to the Buyer free on board (FOB, Incoterms 2011) and title to the Line transfers to the Buyer on arrival of the Line into Australia and payment of the Final Payment (**Completion**).

#### **1.5 Warranties**

The Seller provides warranties in relation to the ownership of the Line, the condition of the Line and its prior use as a functioning blend and packaging line consistent with the advertising of the sale of the Line.

#### **1.6 Timetable and Termination**

If the Buyer fails to obtain funding for the balance of the Purchase Price or otherwise determines not to go ahead with the purchase of the Line, then it may terminate the Agreement but it will forfeit the Deposit.

Completion is expected to occur in March 2021.

***Note: The Group successfully obtained funding for the balance of the Purchase Price through the Placement.***

## **SCHEDULE 2 -TERMS OF LEAD MANAGER OPTIONS (RESOLUTION 7)**

The terms of the issue of the Lead Manager Options are:

### **1.1 Definitions**

Words with capitalized letters in these Terms have the following meaning, unless the context requires otherwise:

<b>Deal</b>	means to sell, transfer, assign, novate, vary, mortgage, encumber, create any equitable interest, share any rights, otherwise deal with any right, title or interest, or agreement to do any of those actions.
<b>Group</b>	means Australian Dairy Farms Limited and the Australian Dairy Farms Trust.
<b>Holder</b>	means a holder of Options.
<b>Option</b>	means an option to purchase a Stapled Security issued on the terms and conditions detailed in these Terms.
<b>Securityholder</b>	means a holder of Stapled Securities.
<b>Shares</b>	means fully paid ordinary shares in the capital of the Company.
<b>Stapled Security</b>	means a stapled fully paid ordinary share in the Company and a fully paid unit in the Trust.
<b>Terms</b>	means these terms of issue which apply to the Options.
<b>Trust</b>	means the Australian Dairy Farms Trust.
<b>Units</b>	means fully paid units in the Trust.

### **1.2 Interpretation**

Grammatical variations of any words or phrases defined in paragraph 1.10 have a corresponding meaning.

### **1.3 Lead Manager Options**

- (d) The Lead Manager Options are issued with the rights and on the terms detailed in this schedule.
- (e) These terms have been determined by the Directors in accordance with clauses 8 of the Company's constitution and clause 4.4 of the Trust's Trust Deed.
- (f) These Terms prevail to the extent of any inconsistency with the Constitution or the Trust Deed.

#### 1.4 Entitlement and Exercise Price

- (a) Each Option entitles the Holder to subscribe for one (1) Stapled Security upon exercise of the Option.
- (b) Subject to paragraph 1.9, the amount payable upon exercise of each Option will be \$0.09 (9 cents) (**Exercise Price**), being 50% above the offer price for the Placement. There may be a change in the Exercise Price or the number of underlying securities over which an Option can be exercised, in accordance with the formula set out in ASX Listing Rule 6.22.

#### 1.5 Expiry Date

Each Option will expire at 5:00pm (AEDT) three (3) years from the date of issue (**Expiry Date**). An Option that has not been exercised after Vesting and before the Expiry Date will automatically lapse on the Expiry Date.

#### 1.6 Vesting

The Options will vest when the closing price of Stapled Securities on ASX is \$0.09 or more for a period of 5 consecutive ASX trading days (**Vesting**).

#### 1.7 Exercise of Options

- (a) The Options are exercisable at any time from the date of Vesting in accordance with paragraph 0 up until the Expiry Date (**Exercise Period**).
- (b) The Options may be exercised during the Exercise Period by the Holder providing:
  - (i) notice in writing to the Company in the manner specified in the Option certificate (**Exercise Notice**); and
  - (ii) payment of the Exercise Price for each Option, payable in Australian dollars by electronic funds transfer, bank cheque or otherwise in cleared funds.
- (c) A Notice of Exercise is only effective on and from the later of the date of receipt of the:
  - (iii) Exercise Notice; and
  - (iv) payment of the Exercise Price for each Option the subject of an Exercise Notice (**Exercise Date**).
- (d) A Holder may issue one or more Exercise Notices prior to the Expiry Date.

#### 1.8 Issue of Stapled Securities on exercise of an Option

- (a) Within 10 Business Days after the Exercise Date, the Group will:
  - (i) issue the number of Stapled Securities required under these Terms in respect of the Options specified in the Exercise Notice and for which cleared funds have been received by the Company;

- (ii) apply for official quotation on ASX of the Stapled Securities issued pursuant to the exercise of the Options within the timeframe required by the Listing Rules.
- (b) The Group will issue each Holder with a new holding statement for Options (if not all Options are exercised) and Stapled Securities within 10 Business Days after the issue of the Stapled Securities issued on exercise of an Option.
- (c) Stapled Securities issued on exercise of the Options rank equally with all other Stapled Securities.

## **1.9 Reconstruction of Capital**

If at any time the issued capital of the Group is reconstructed, all rights of a Holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of reconstruction.

## **1.10 Voting rights**

Each Holder has the right to receive notice of and attend but may not vote at any meeting of Securityholders.

## **1.11 Dividends**

The Options do not have any right to receive dividends (whether cash or non-cash) from the profits of the Group at any time.

## **1.12 Dealings**

A Holder must not Deal with Options without the prior written consent of the Group (which may be withheld in its absolute discretion).

## **1.13 Access to documents and information**

A Holder has the right to receive notices of general meetings and financial reports and accounts of the Group that are circulated to Securityholders, and a right to attend Securityholder meetings.

## **1.14 Other terms and conditions**

- (a) A Holder will not be entitled to a return on capital, whether in a winding up, upon reduction of capital or otherwise.
- (b) A Holder will not be entitled to participate in the surplus profit or assets of the Group upon a winding up.
- (c) There are no participating rights or entitlements inherent in the Options and Holders will not be entitled to participate in new issues (such as bonus issues) or pro-rata issues of capital to Securityholders without exercising the Option.
- (d) The Options will be unquoted.
- (e) An Option does not give the Holder any other rights other than those expressly provided by these Terms and those provided at law where such rights cannot be excluded.

- (f) The Terms may be amended as necessary by the Directors to comply with the ASX Listing Rules or any directions of ASX regarding the Terms.

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## LODGE YOUR VOTE



### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)



### BY MAIL

Australian Dairy Nutritionals Group  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia



### BY FAX

+61 2 9287 0309



### BY HAND

Link Market Services Limited  
Level 12, 680 George Street, Sydney NSW 2000



### ALL ENQUIRIES TO

Telephone: 1300 554 474

Overseas: +61 1300 554 474



**X99999999999**

## PROXY FORM

I/We being a member(s) of Australian Dairy Nutritionals Group and entitled to attend and vote hereby appoint:

### APPOINT A PROXY



**the Chairman of the  
Meeting (mark box)**

**OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Extraordinary General Meeting of the Company to be held at **10:00am (Melbourne time) on Thursday, 18 February 2021 at Williamstown Yacht Club, 260 Nelson Parade, Williamstown, Victoria 3016 and online (please refer to details on the Notice of Meeting)** (the **Meeting**) and at any postponement or adjournment of the Meeting.

**Important for Resolution 6:** If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolution 6, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

**The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.**

### VOTING DIRECTIONS

**Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.**

**Please read the voting instructions overleaf before marking any boxes with an ☒.**

#### Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Ratification of issue of tranche 1 securities under placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Approval of share purchase plan offer (SPP)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Approval of proposed issue of tranche 2 securities under the placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Approval of proposed placement to directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Ratification of securities issued in respect of the acquisition of the Blend & Pack line	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7 Approval of proposed issue of options to lead manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of proposed issue of securities in respect of the acquisition of the Blend & Pack line	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				



\* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Securityholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Securityholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Securityholder 3 (Individual)

Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

**AHF PRX2101C**

## HOW TO COMPLETE THIS SECURITYHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's security register. If this information is incorrect, please make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your securities using this form.**

### APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a securityholder of the Company.

### DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's security registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either securityholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's security registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

### LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am (Melbourne time) on Tuesday, 16 February 2021**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



#### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, securityholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



#### BY MAIL

Australian Dairy Nutritionals Group  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



#### BY FAX

+61 2 9287 0309



#### BY HAND

delivering it to Link Market Services Limited\*  
Level 12  
680 George Street  
Sydney NSW 2000

\* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE EXTRAORDINARY GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**